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Challenge!





Elderly Housing — The Swedish Model

With a population of 8.5 million people, Sweden has one of the smaller populations among European countries, but from a territorial standpoint, it is one of the largest. The aging of the population is particularly marked. In 1971, 12 percent of the population was over 67. In urban areas this rate is even higher. In Stockholm, for example, elderly people will account for 20 percent of the residents by 1980, after which time this figure is expected to drop somewhat.

The organization and development of social welfare in Sweden has been watched closely by many nations, including the United States. Programs there are wide-ranging, and, according to one report, have accounted for as much as 40 percent of Sweden's national budget. While the Ministry of Social Affairs is responsible at the state level for general policy regarding social services, its work is complemented by other agencies such as the National Housing Board.

During the 1940's, a severe housing crisis developed in Sweden and the government developed new long-term housing policies. The objectives of this legislation were: the elimination of overcrowding and one-room apartments as family dwellings; higher amenity standards, so that the majority of all dwellings would meet the standards then in force for new urban dwellings. These changes pointed the way for another set of sweeping reforms enacted in 1967 following an intensive research effort by several government committees. The most important aspects were related to municipal acquisition of land for housing construction and related purposes, more emphasis on industrialized-building, and a form of rent control and changes in the conditions of government housing loans.

These policies are carried out under the direction of several government groups including the Ministry of Education and Ecclesiastical Affairs, The National Housing Board under the Ministry of Interior is responsible for loans and subsidies. In turn, each municipality has responsibility for administering funds, organizing social programs, and meeting the housing needs of the elderly.

The National Housing Board has developed two main principles which guide the municipalities with regard to the housing supply for the elderly: the principle that every individual shall have the opportunity to live in a normal environment and under as normal conditions as possible, and the principle of respect for the individual's independence and right of self-determination.

Generally speaking, the Swedish municipalities have been divided into "social service districts." Within each district is a center designed to serve all the residents of the area (young and

old). In Stockholm, for example, there are some 14 social service districts.

Sweden has been similar to other Nordic countries in developing a housing policy which provides for a range of possibilities in specific housing types for the elderly. Besides those people living in their own homes, there are also "pensioners' flats" built either in a special home for pensioners or interspersed in ordinary housing projects.

While the pattern and problems of the aged are similar throughout the industrialized nations of the world, there is no doubt that Holland, Denmark, Sweden, Norway, and Finland — even with the difficulties they have encountered — are all making significant strides toward identifying and solving the problems of elderly people and their physical environment. They know that much is left to be done, but they have developed a very thoughtful and comprehensive approach from which we can learn a great deal.

The above is excerpted from an analysis of "Elderly Housing in Northern Europe" by John M. McRae. McRae's article appeared in the November-December issue of Aging, published by the U.S. Department of Health, Education, and Welfare.

World Assembly on the Elderly Scheduled for 1982

Late in 1978, the General Assembly of the United Nations approved a resolution (33/52) directing its Secretary-General to organize a World Assembly on the Elderly to be conducted in 1982. However, action in designating 1982 as a World Year on Aging was postponed.

A proposal for a World Assembly on Aging and a World Year on Aging had been made to the UN General Assembly several years earlier by Senator Frank Church, now chairman of the U.S. Senate Special Committee on Aging.

The U.N. resolution calls for "a World Assembly on the Elderly in 1982, a forum to launch an international action programme aimed at guaranteeing economic and social security to older persons, as well as opportunities to contribute to community development."

Pursuant to this resolution, the Secretary-General requested all member nations to submit suggestions for "a draft programme . . . and recommendations on the organization and objectives of the World Assembly." Following a canvass of the principal Federal agencies and voluntary organizations identified with the aging field, HEW, with the collaboration of the Department of State, submitted a statement of U.S. recommendations in response to the Secretary-General's request.

U.S. Department of Housing and Urban Development
Assistant Secretary for Administration,
Publications and Information Division, Office of
Administrative Services

Evon H. Ervin, Editor
Rowena Sanders, Staff Assistant
Betty Baldwin, Production Assistant

Advisory Board: Fred W. Adams,
Dani Jones, Harold Keith,
Morton Leeds, Penelope P.P. Smith,
Lynn Smith, Marjorie Ulsamer

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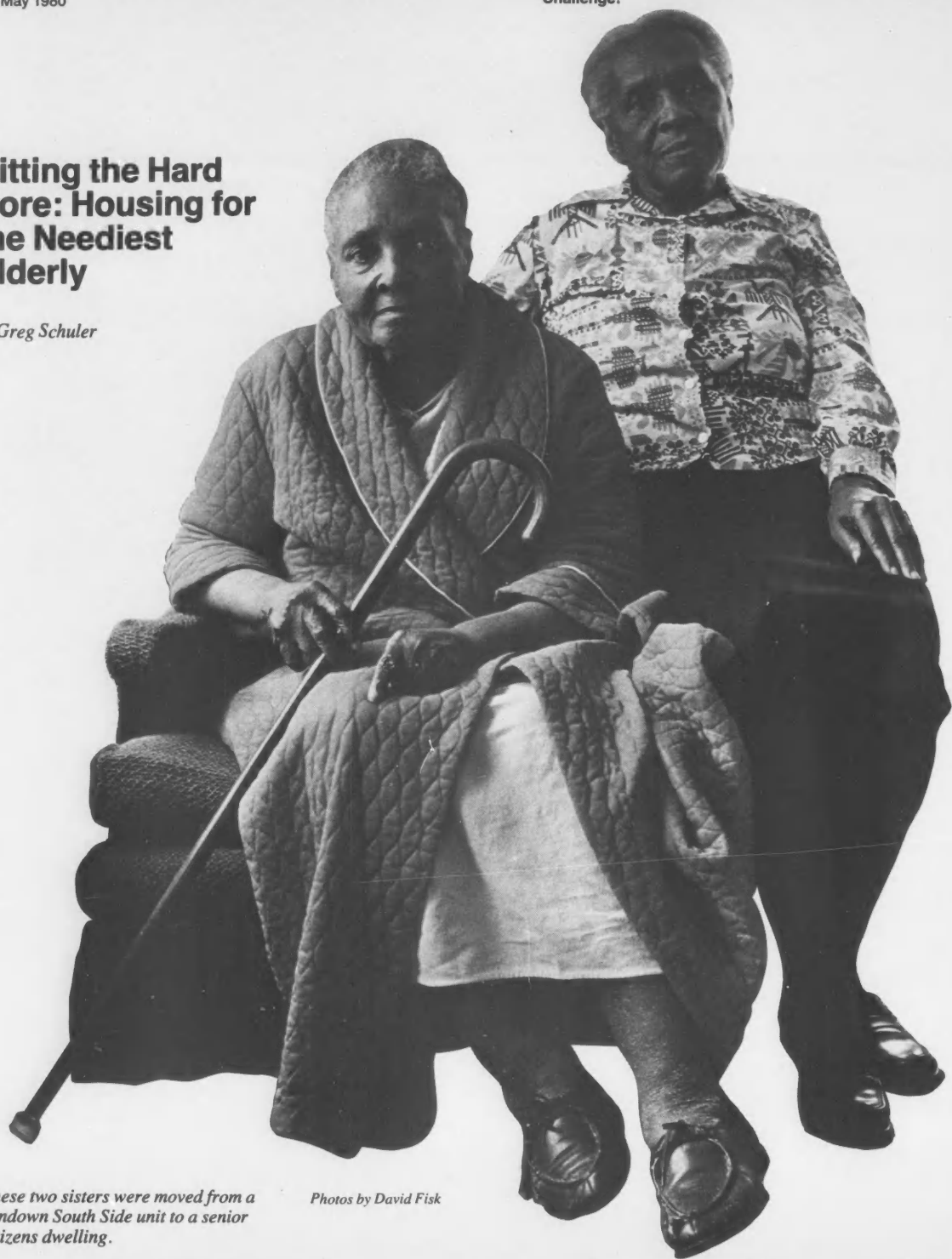
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Hitting the Hard Core: Housing for the Neediest Elderly

by Greg Schuler



These two sisters were moved from a rundown South Side unit to a senior citizens dwelling.

Photos by David Fisk

A dwarfish, hunchbacked woman, Mildred Novak, 72, led a solitary life in a run-down flat on Chicago's West Side. Without adequate heat or plumbing, she learned to live and sleep throughout the winter, bundled in several layers of clothing and occasionally bathe with a sponge in a shivering cold kitchen. In spite of everything, Mildred struggled to maintain an ordered existence while dreaming of something better.

But the daily grind to make ends meet offered Mildred little room for dreaming. She had heard of the nice three-room apartments the government provided for senior citizens. Once, someone from the Mayor's Office brought her an application and explained something about an interview downtown. That was as far as things went. With cataracts clouding her vision, Mildred could not read the application, and downtown seemed a million miles away from the farthest limit of the small world inhabited by this tiny woman strapped with crippling arthritis. Mildred gave up before even starting, convinced she could never get into the senior citizen apartments on her own.

Mildred's dilemma is shared by an entire population of elderly poor in our cities who have little or no real access to government-subsidized housing. This population points to a gap in our government housing programs for the elderly, a gap containing those often in greatest need of subsidized housing among the eligible population.

This article describes a program adopted by the Little Brothers of The Poor, a social service agency in Chicago, that has attempted to narrow this gap.

Bureaucratic Natural Selection

Sometimes the bureaucratic process determines what segment of the eligible elderly population will eventually be placed in subsidized housing. The "fittest" who survive the process must be:

Well-Informed – First and foremost, the individual must know where, when, and how to apply for housing.

Mobile – The individual cannot expect the housing sponsor to come to him.

Sophisticated – He or she will be expected to know how to fill out an application and attend to any additional paperwork that the application entails. Also, the ability to speak up intelligently on one's own behalf during the application process will be decisive.

Resourceful – A comfortable and stable way of life is necessary if the individual expects to survive the inevitable waiting period – often a year or more – that elapses between the time of application and eventual placement.

Those implicitly acknowledged 'unfit' for subsidized housing by this process of natural selection possess the opposite set of characteristics. The 'unfit' are:

Uninformed – Like Mildred, most live alone, isolated by the conditions of their extreme poverty from the mainstream. While most have heard of senior citizen housing, it exists for them in "another world."

Immobile – A combination of physical disability, destitution, and a solitary way of life, deprives these individuals of access to transportation. The hump in her back did not permit Mildred to raise her eyes to the level of the street signs.

Unsophisticated – Some are illiterate. All are unable to fathom the workings of a bureaucracy and unprepared to attend to the "rigamarole" (Mildred's word) involved in the application process. The abrupt and impersonal tenor of this process often puts them on the defensive; as a result, they are easily alienated by questions which they feel "pry" into personal affairs. At each phase of the process, they are prone to drop out.

Destitute – A hand-to-mouth existence, such as Mildred's, allows no time or space for planning ahead; nor does it provide the stable way of life necessary to weather the inevitable waiting period that follows application for housing. Finally, it offers little hope that the resources necessary to perform an eventual move will be found.

For elderly people like Mildred, the prospect of securing subsidized housing poses an insurmountable challenge. The tragic and ironic consequence is that those who have most to gain through such housing are shut out by the very processes that administer the supply. The promise of an improved way of life held out by subsidized housing consistently remains for them the impossible dream – or in Mildred's words, something "too good to be true."

Little Brothers' Housing Program

Having worked with the elderly poor in Chicago for 25 years, Little Brothers provided a readily identifiable group of elderly poor in need of better housing with which to begin working. We immediately found ourselves dealing with individuals, like Mildred, who had most of the characteristics of the 'unfit.' To meet the special needs of this group, we developed a comprehensive assistance program that unfolded in five steps.

Step 1: The Home Visit – Individuals isolated and immobilized by extreme poverty and physical handicaps required *outreach assistance*. The initial home visit provided the opportunity to personalize our involvement with the individual. In the familiar setting of her kitchen, Mildred freely discussed her housing (and other) problems. The home visit also provided a unique opportunity for assessing what Mildred could and could not be expected to do on her own in the process of relocation.

Step 2: Filing the Application – After airing her housing grievance, Mildred listened as the staff person outlined the



Standing behind one of their moving vans are Little Brothers Greg Schuler, Nino Barile, Steve Wellman and Michael Iverson.

options available in the local subsidized housing market for the elderly. (This information required extensive, preliminary research on the part of staff.) Cued by Mildred's enthusiastic response, the staff person helped her file several applications for housing in this market, using information Mildred provided in an informal discussion. A "fact sheet" containing a record of these initiatives was then kept on file so that staff could monitor the application process and later advocate for Mildred if necessary.

Step 3: Assuming Liaison Role — At the appropriate time, the staff person approached the manager of the recently completed Section 8 senior citizens project as a go-between for Mildred and offered to attend to any paperwork or legwork involved in processing her application. The overture was received with a sigh of relief from a manager nearing exhaustion under the load of extra paperwork required by the government in the tenanting process.



Mildred Novak

In general, the staff's ability to carry out this liaison role has proved to be the key element in our housing assistance program. A personable and competent liaison at once protected someone like Mildred from the impersonal buffeting of the bureaucratic process and simplified things for the harried housing sponsor. At Little Brothers, we have maintained excellent rapport with the administration of the local Public Housing Authority as well as with those who provide elderly housing under one of the three components – New Construction, Existing Housing, Substantial Rehabilitation – of the local Section 8 program.

Step 4: Performing the Move – Securing an apartment was only the first stage of the impasse facing those like Mildred who, living a hand-to-mouth existence, had no money to pay for movers and little or no furnishings to take to a new home. In cases where the individual qualified for moving assistance from the Illinois Department of Public Aid, staff helped arrange the move through those channels, and Little Brothers provided home furnishings as they were needed. In cases where no such assistance from IDPA was forthcoming, Little Brothers agreed to perform the move, using a small truck acquired for this purpose. Whenever demand outstripped the availability of the one truck, moves were arranged through a low-cost mover on a cost-share basis, if feasible, with the elderly person. Having already established a small program for acquiring and distributing used furniture, Little Brothers was prepared to furnish the new apartments for those relocated in subsidized housing. Additional Little Brothers' staff were occasionally drafted to assist in the moving process; Mildred, for one, required help getting things down from shelves beforehand and unpacking boxes after the move was completed.

Step 5: Follow-up – At first, Mildred did not know how to respond to the new start in life promised by her well-appointed,

senior citizen apartment overlooking the park and the lake. After years of spongebathing and sleeping fully clothed in a chair near the stove, Mildred needed coaxing to get back into a bathtub and a bed. Most, like Mildred, require some kind of follow-up assistance to orient themselves to a much improved way of life. After the move, staff visited Mildred to point out the location of the garbage chute, laundry room, mail boxes (etc.) in the building, to carefully demonstrate how the electrical gadgetry of an automatic elevator and intercom system work, and to take her for a stroll to the nearest drug store and supermarket in the new neighborhood. During follow-up, the individual's ability to remain self-sufficient was determined. Whenever necessary, support services for the relocated individual were solicited from community service groups in the new area. Mildred was enrolled in a local hot meals-on-wheels program.

Secondary Program

To make life bearable for many during the prolonged waiting period that followed application for housing, a handyman was hired to fix leaky pipes and broken windows, and make other necessary repairs long neglected by absent or unresponsive landlords.

Conclusion

For elderly people like Mildred, half-measures won't do. A *comprehensive* assistance program is needed to develop access to subsidized housing for the elderly in greatest need.

At Little Brothers, the cost of providing this assistance has been reasonable. Operating within a \$50,000 budget during its first year, the Little Brothers' program has provided access to subsidized housing to 100 elderly individuals in situations similar to Mildred's. In addition, the



Little Brothers of the Poor moved Daniel Reinderman (in photo) from this rundown West Side hovel to a Section 8 elderly housing project.

program provided less comprehensive housing assistance (minor maintenance/moving) to as many more. While the \$50,000 figure may seem high, considering the limited number of elderly housed, the initial high cost of staff organization and necessary materials must be taken into account, as well as the extensive individual involvement required by the needs of those served by the program.

Yet for most small, tightly-budgeted community groups, cost remains a prohibitive factor. As far as these groups are concerned, the most effective cost remedy lies in limited government

assistance, perhaps in the form of seed monies or matching grants. These grants might be issued through a HUD Area Office to community groups that draw up detailed proposals for such housing assistance programs.

On its own, the government might create an Office of Ombudsman within the HUD Area office or Public Housing Authority to act as an official liaison between the various local sponsors of subsidized housing for the elderly and community groups or individual seeking housing. Staff in this office would also provide counseling to those languishing on waiting lists for subsidized elderly housing, suggesting current and prospective alternative sources of subsidized housing available in an area. These lists would be submitted to the Ombudsman's Office by private sponsors of Section 8 housing, and by the local PHA. This step would help relieve the discouragement felt by those who are asked to wait at a time in life when the future looks most uncertain.

The overall benefit of such actions would be twofold. Besides the assurance that real access has been provided to subsidized elderly housing for all segments of the eligible population, such programming extends an opportunity for official involvement in the housing process to the innumerable, small community and church organizations that cannot contemplate involvement as things now stand. By taking this course, the government simply utilizes preexisting community resources to increase the effectiveness of its housing programs.

To complete her story, Mildred Novak today finds relief from her many aches and pains by pointing to the inviting surroundings of her new apartment with satisfaction. And there are now moments when, looking out over the lake, she finds time and space for dreaming in peace.

Mr. Schuler is Director of Housing Programs, Little Brothers of the Poor, Chicago, Illinois



The second year of the Intergovernmental Management Program was launched recently by HUD. The program is open to all HUD and State and local government employees with a minimum of 3 years experience in housing and community development who are working at the GS-11 to 13 level or the non-federal equivalent. Applicant must be recommended by their supervisors and nominated by the HUD Regional Administrator for their area. Nomination by an Assistant Secretary is required for HUD Headquarters' employees.

The University of Southern California, Washington Public Affairs Center, requires an undergraduate college degree, a 3.0 grade average for the final two college years, official graduate or law school admissions test scores, (one of these tests must be taken before entering or sometime prior to the second course of the program) and 12 units of basic social science.

HUD will pay all costs of the training, including tuition, fees and books, and for travel and relocation to and from the Washington, D.C. area. HUD employees will receive their usual salaries for the position to which they are assigned, and non-HUD participants, detailed to HUD under the Intergovernmental Personnel Act (IPA), will continue to be paid their regular salaries by the respective State/local governments, with HUD reimbursing 75 percent. June 2, 1980 is the deadline for filing applications. The work/study portion of the program begins in October.

Further details and application information may be obtained from the HUD Regional Training Officer serving the applicant's geographic area or by writing Don M. Blandin, Director, HUD Intergovernmental Management Program, Room 10110, U.S. Department of Housing and Urban Development, Washington, D.C. 20410.

In an effort to further strengthen cities and educational services offered residents, HUD has entered into an agreement with seven national higher education associations. The associations represent most of the colleges and universities in the U.S. A HUD grant of \$150,000 will be used to staff a new "Center for College and University Partners in Community Development."

Writing in the March 1980 issue of *Builder*, George W. DeFranceaux praises increased housing subsidies for Section 8 preferential tax treatment for low- and moderate-income housing. He says rehabilitation has a "vital role" to fill in revitalization of cities, noting that private enterprise will play a major role if it "retains governmental support and continuation of the Section 8 program, tax exempt financing, preferential tax treatment for low- and moderate-income housing, funding of the Community Development Block Grant and Urban Development Action Grant programs" among other efforts. DeFranceaux is Chairman of

National Housing Partnerships.

Intown neighborhood homeowners in four southeastern cities who wish to rehabilitate their homes will be assisted under a \$200,000 Cooperative Agreement between HUD and the Community Design Center of Atlanta, Inc. (CDCA). CDCA will establish a network of design centers in the southeastern region of the country that will train and offer technical assistance to low- and moderate-income persons interested in rehabilitating their homes. The program will be funded and administered by HUD's Office of Neighborhoods, Voluntary Associations and Consumer Protection (NVACP).

Dr. Elizabeth A. Roistacher of New York City was recently appointed Deputy Assistant Secretary for Economic Affairs at HUD. Donna Shalala, Assistant Secretary for Policy Development and Research, said Dr. Roistacher will serve as the Department's chief economist. She will be responsible for research and policy analysis, urban economic development and public finance, housing finance, and demographic and market analysis. Her office is also responsible for HUD's Women and Mortgage Credit Project.

Dr. Roistacher presently is directing a departmental research project on families in preparation for the White House Conference on Families, a major study of rental market discrimination against families with children.

In an effort to keep down the cost of housing without sacrificing value, HUD will administer a program to stimulate use of innovative construction techniques and materials. Dubbed the Building Value into Housing Program, the effort will award approximately 20 grants of \$10,000 each for promising concepts in single-family construction. The concepts must incorporate use of advanced engineering, cost benefit tradeoffs, and value engineering techniques.

Twelve community planning organizations were selected in January to receive \$1,334,000 in HUD funds for activities to reduce the isolation of lower income and minority groups within metropolitan areas.

HUD employee Charles Hudson is a recipient of the United Nations Association's Human Rights Award. Hudson was cited at the Annual Human Rights Day luncheon held in Washington, D.C. The award is given in special recognition to individuals for their efforts in promoting the ideals of the Universal Declaration of Human Rights. Hudson is a Montgomery County, Md., human relations commissioner active in promoting fair housing in the county.

Conversion to Condominiums – a Problem for the Poor and the Elderly

by Bernard Manheimer

At an increasing rate, rental housing units throughout the country are being converted to condominiums, with often dire consequences for the poor and the elderly. Legal prescriptions for treatment of renters who face such consequences vary widely throughout the country. Some States and localities prescribe none while others – New York State is a prime example – have legislated comprehensive condominium conversion protection for renting tenants.

Even within the same metropolitan area there are wide variations in laws. Blaine Harden, writing in the *Washington Post* of February 29, 1980 about the Washington, D.C. area, points out that:

When a landlord in the District of Columbia or Montgomery County wants to throw out his tenants to build condominiums, his tenants can fight – with an arsenal of laws on their side.

In Northern Virginia, when a landlord wants to go condo, his tenants, especially the poor ones, can do little more than crumble and get out.

In the District of Columbia and in Montgomery County, tenants have the right to organize and buy the building where they live. They also must be compensated, depending on their income, for at least part of the cost of relocating.

Under the District's current moratorium on condominium conversions and pending legislation, a building cannot be converted without the consent of 51 percent of its tenants.

In Prince George's County, where renters must be given 6 months' notice before a condo conversion can take place, legislation similar to the District's is being considered.

Maryland, unlike Virginia, gives some localities 'general police power' to pass ordinances in the absence of State legislation. The Virginia courts consistently have ruled that the assembly must specifically give its localities such authority.

A case in Miami Beach, Florida, that has received considerable publicity, indicates how serious the difficulties for the elderly are. An apartment building containing several hundred small but attractive rental apartments, almost all rented by retirees or their surviving spouses, was recently converted to condominiums. Apartment purchase prices, even with tenant discounts, ranged from approximately \$40,000 to \$60,000, with almost one-quarter down and the rest financed at 10 percent or more. Monthly payments, including interest and principle on the purchase loan and estimated maintenance costs and the like, worked out to be one-third or more greater than rental rates before conversion.

Because of the conversion and similar ones, tenants choosing or being forced to move faced a severe tightening of the rental market and resultant inflation of rental rules.

In a typical case, a widow living in an efficiency apartment and paying \$320 rent (exclusive of utilities) with a lease expiring in 8 months had three choices:

1) Purchase the apartment with a downpayment of almost \$9,000 and face monthly payments of \$440, which are sure to rise with spiraling maintenance costs;

2) move to a different location, forfeiting a security payment amounting to 2 months rent if the move took place 2 months or more before lease expiration; or
3) be evicted when the lease expired.

What has happened in Miami Beach is that almost no tenants agreed to purchase and hundreds of people moved. A small senior citizens community was broken up – a community that had a wide variety of activities that involved almost every tenant in at least one group pursuit – requiring those who moved to make new ties in a new neighborhood when they had expected to remain settled in a familiar neighborhood with neighbors they knew.

Ironically, a large percentage of those who moved, perhaps as many as 50 percent, found, after establishing tenancy in new apartment buildings, that those buildings were to be converted to condominiums. Thus, when their one- or two-year leases are up they will again face the same three choices cited above.

New York State condominium conversion protection for tenants includes the following:

One of two types of plans must be filed for the building.

- If the purchaser files a noneviction plan, 15 percent of the tenants must agree to purchase, and all other tenants may remain on a rental basis, whose rents "shall not be subject to unconscionable increases."
- If, on the other hand, an eviction plan is filed, 35 percent of the tenants must agree to purchase and the other tenants may remain on a rental basis for 2 years after the plan is declared effective, with a similar "unconscionable increase" proviso.



• In the event an eviction plan is filed *no* eviction proceedings may be brought against a non-purchasing tenant who is 62 or older on the date of plan effectiveness.

The New York State safeguards do not, and are not intended to stop conversions. Indeed the findings of the State legislature (reproduced on this page) upon passage of the July 24, 1978 Act to "Amend the General Business Law in Relation to Conversion of Residential Real Estate to Cooperatives or Condominium

Ownership" indicate that condominium conversion is an effective means of stabilizing neighborhoods. The legislature, however, recognized the necessity to protect tenants, particularly where an acute shortage of rental housing exists.

Many other States are, or will be faced with similar "findings." It will be up to them to strike the proper balance between the healthy reluctance to regulate private markets and the necessity to protect citizens, particularly the poor and the elderly.

Mr. Manheimer is Deputy Director, Program Coordination Division, Office of Planning and Program Coordination, Community Planning and Development.

"The legislature hereby finds and declares that the conversion of residential real estate from rental status to cooperative or condominium ownership is an effective method of preserving, stabilizing and improving neighborhoods and the supply of sound housing accommodations in the State; that it is sound public policy to encourage such conversions while, at the same time, protecting tenants in possession who do not desire or are unable to purchase the units in which they reside from being coerced into vacating such units by reason of deterioration of services or otherwise or into purchasing such units under the threat of imminent eviction; that in certain parts of the State the position of non-purchasing tenants is worsened by a serious public emergency characterized by an acute shortage of housing accommodations; that preventive action by the legislature in restricting rental rates and evictions during the process of conversion from rental to cooperative or condominium status is imperative to assure that such conversions will not result in unjust, unreasonable and oppressive rents and rental agreements and to forestall profiteering, speculation and other disruptive practices which threaten the public health, safety and general welfare."

Block Grant Assistance Spurs Upper Mohawk Development

by Frank E. Przybycien

Over the past 25 years, The City of Utica, New York, has experienced urban problems typical of cities throughout the Northeast. Due to the loss of industrial jobs and *under-reinvestment*, Utica, located in the Upper Mohawk Valley section of Upstate New York, has declined in population from, 101,000 in 1960 to under 85,000 at the present time.

Two years ago, Stephen J. Pawlinga was elected Utica's mayor. At that time, there was no strategy for reversing the City's economic malaise. In fact, one of the oldest urban renewal project areas in the Nation was still unfinished in the heart of downtown. One of the first actions of the new mayor was to establish a City department to seek and implement revitalization projects through the use of State and Federal funds. This department, The Department of Urban and Economic Development, is headed by Michael. R. Houseknecht, Commissioner, and is composed of several Bureaus, including: Grants, Planning, Housing and Neighborhood Revitalization, Real Estate and Codes.

The City of Utica, through the Department of Urban and Economic Development, has developed a long-term plan designed to pump new vigor into Utica's ailing neighborhoods and downtown. An important ingredient in this strategy involves using Federal and State funding programs to leverage private sector monies. To date, this approach has been very successful. Utica has obtained five Urban Development Action Grants in the last 2 years. The first, for \$2,200,000, while leveraging \$5,700,000 in private funds,

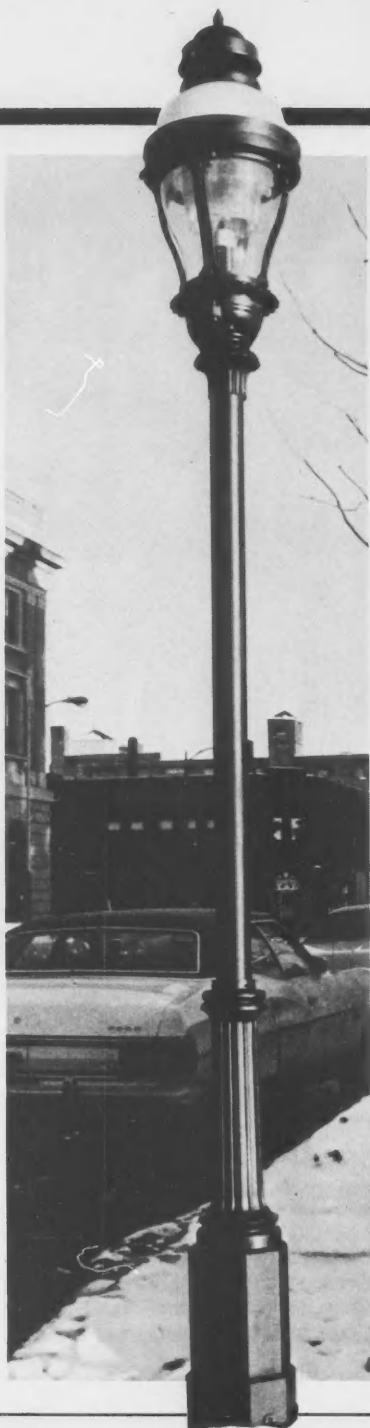
enabled the City to close out the downtown urban renewal project with the construction of a new hotel-parking garage complex. The second, an Urban Development Action Grant (UDAG) for \$1,635,000, with an additional private commitment of \$6,685,000, enabled the City to strengthen the commercial base in an older residential neighborhood. The final three UDAG grants involved industrial expansions of \$179,000, \$195,700 and \$175,000. The private commitment for the three industrial UDAG projects totaled over \$3,000,000.

However, the major tool used in developing Utica has been the Community Development Program. The annual entitlement allocation is nearly \$4,000,000. Projects implemented through the Community Development Program have leveraged an additional \$11,000,000 of private and other government funds, for an annual total of nearly \$15,000,000.

The distribution of Community Development funds by project categories includes:

Housing and Neighborhood Revitalization	32%
Downtown and Economic Reinvestment	25%
Public Improvements	17%
Neighborhood Facilities	10%
Human Services	4%
Planning and Administration	12%

The effort to revitalize Utica has used the existing community assets. One such asset is the fine architectural characteristics prominent throughout the City's building stock. These include examples of Federal, Greek Revival, Victorian and Textile Mill periods. Another community asset being emphasized is the City's diverse social environment, comprised of many ethnic groups, such as Italian, Polish, Irish, German, etc. The community's strong ethnic cultural identity can be seen in many ethnic businesses and social events throughout the City. This interest has generated a very successful annual downtown event known as the





"Celebration of Nations" Festival where customs, foods and historical events that shape national heritages are displayed by area residents representing over 25 nations. This ethnic interest is being used as a design theme in the revitalization of several neighborhood commercial development plans.

But the greatest community asset to date in this urban revitalization effort has been the partnership that has developed between neighborhood residents, lenders, contractors and the city.

The Revitalization Partnership.

The revitalization partnership has developed through over 400 neighborhood meetings, planning sessions, and technical seminars over the last 2 years. City officials met with neighborhood residents through many block meetings during the formation and implementation of the neighborhood development strategy. The main focus of these meetings has been to define the responsibilities of both government and neighborhood residents in the revitalization effort. Residents and business owners often voiced a desire to actively participate in rehabilitation and through this mutual cooperation, the City and residents were able to establish roles within which they could function effectively as a team. The neighborhood meetings have served both as a sounding board for individual problems as well as an opportunity for the City government to respond on a personal one-to-one basis, thereby creating a working relationship based upon trust.

Area lenders have been an active partner in the City's program through their involvement with the Community Development staff in helping establish the revitalization programs that require bank financing. By participating in the formation of the criteria for these revitalization programs, the lenders have actively supported necessary private financing. In addition, representatives of the area lending institutions have worked with neighborhood residents and the City in the formation of





Union Station (left and above)

Utica's first Neighborhood Housing Service, a nonprofit housing corporation established to help preserve the housing stock within a defined residential neighborhood.

Other important partners in a neighborhood revitalization effort are area contractors. The City has conducted Construction Seminars for contractors at the beginning and end of each summer construction season. They are intended to: Examine current operations and future growth of each City revitalization program. Review the neighborhood rehabilitation programs with the aid of slide show updates.

Provide a time for contractors to discuss their concerns and questions directly with the rehabilitation staff.

Present construction awards to firms

involved with the City housing program.

In addition to Construction Seminars, the Rehab staff periodically meets with individual building trade groups to discuss specific problems. The main concerns at trade meetings usually involve work write-ups, inspections, and payment schedules. The construction seminars and trade meetings are an important activity in a successful revitalization program because these sessions provide a method for contractors to become a part of active partnership, thus creating a way for increasing contractors' pride and quality of workmanship within the program. Direct and personal accessibility between City government and contractors, it is hoped, will ensure that rehabilitation work will be completed successfully and problems will be solved quickly.

Neighborhood Strategy

The implementation of Utica's Neighborhood Revitalization Strategy is

assigned to the Department of Urban and Economic Development through its Bureau of Housing and Neighborhood Revitalization.

The main focus of this revitalization effort includes:

- 1) Aiding low- and moderate-income persons and families.
- 2) Elimination of blighted areas and neighborhood deterioration.
- 3) Developing unique designs for each neighborhood based on the existing assets and characteristics of that neighborhood.
- 4) Using public funds to leverage private monies to accomplish these goals.

The Neighborhood Revitalization Strategy includes:

- 1) *A Municipal Loan and Grant Program for Housing Rehabilitation.* The Housing Rehabilitation Program includes three levels of subsidy based on family size and income: an outright grant of up to \$3,500 or a subsidization payment of 28 or 40 percent of the total contracted rehabilitation cost.



Historic preservation, before (l.) and after (r.)

The success of this program is based upon quality construction work write-ups, good inspection of work, and rapid payment to contractors upon successful completion of work.

2) *Commercial Loan Program.* The Commercial Rehabilitation Loan Program consists of an agreement between the City and a building owner as to the scope of work to be accomplished. Upon its successful completion, the City makes available a low interest loan (0-3 percent interest) for up to 30 percent of the total project cost. Loan payments on Commercial Rehabilitation Loans are placed into a Revolving Loan Fund for redistribution. The success of this program is based on working with the business owner to arrive at a well designed neighborhood improvement so that a

successful project can generate additional interest in the reinvestment of nearby buildings.

3) *Municipal Homesteading Program.* This program was established to finance the rehabilitation of empty city-owned homes. Banks involved in this program have agreed to finance 50 percent of the total rehabilitation costs over a long term to the homesteader. The City grants 30 percent of the rehabilitation cost to the homesteader after he has lived in the house for 3 years. The homesteader's commitment to the project is 20 percent of the rehabilitation cost in either cash or "sweat equity." The program has generated five homesteaders in its first year of operation.

4) *The Municipal Loan and Grant Program, the Commercial Loan Program and the Homesteading Program* have had a positive effect on the rebirth of the City of Utica in a short time period due to the fact that a significant number of rehabilitation



projects through these programs have been targeted in model block areas in the older sections of the city. Some examples of these residential and commercial model blocks are:

Bagg's Square

Historic Bagg's Square is Utica's original neighborhood dating back to 1794. Once a residential neighborhood, the area has changed from residential to commercial and finally to light-warehousing. Today, a plan is underway to once again bring back the economic vitality of this section of downtown while preserving its historic character. The revitalization of this neighborhood is centered on the \$1.7 million restoration of the train depot, Union Station. Plans have been developed to convert Union Station into a Land Transportation Center for the Upper Mohawk Valley Region. To date, Community Development funds totaling \$190,000 have leveraged an additional

\$500,000 for building and street improvements. The Bagg's Square building owners have also formed a nonprofit neighborhood association called the Bagg's Square Association.

Varick Street Model Block

The Varick Street Model Block is a combination of commercial and housing revitalization in a predominantly German, Irish and Polish neighborhood. This neighborhood project has focused on the West End Brewing Company, which has been in this neighborhood since 1888. The West End Brewing Company has restored their buildings to the original 1888 flavor and conducts a brewery tour open to the public. Using this tourist attraction as a focal point, the Varick Street neighborhood revitalization effort is intended to help the neighborhood store owners increase their business. Over 100,000 tourists visit the brewery every year. The City has invested \$75,000 in street improvements to encourage the building owners to reinvest in their neighborhood. The local store owners and residents have formed a neighborhood association, the West Utica Neighborhood Development Association, in order to become more actively involved in the revitalization of their neighborhood.

The Corn Hill Model Block

The Corn Hill Model Block is located in the central section of a residential neighborhood that has suffered through 25 years of under-reinvestment in its housing stock. A two-block, concentrated rehabilitation effort was undertaken last summer. The model block was chosen because over 50 percent of the homes were owner-occupied and the block contained representative forms of residential architecture that is common throughout the Corn Hill area. This model block presently serves as an inspiration as to how a rehabilitation program can improve a neighborhood and also provide



many examples of design and color treatments for home improvements throughout the entire city. A minority controlled nonprofit neighborhood housing association has been formed through the project, known as the Mid-Utica Neighborhood Preservation Corporation. This corporation has purchased and rehabilitated an apartment building on the model block.

Historic Preservation

Historic Preservation is being accomplished in the City in cooperation with the Landmarks Society of Greater Utica. This organization recently developed a \$200,000 exterior preservation program for a four-block area of Victorian homes. This neighborhood is listed in the National Register of Historic Places. Funds for the project were obtained from the Federal Department of the Interior and the New

Refurbished house

York State Parks and Recreation Department. The City's Bureau of Housing and Neighborhood Revitalization is assisting the Landmarks Society in the work specifications and inspection of the preservation work. The City's rehabilitation staff and private contractors involved in this project are gaining valuable experience in rehabilitation methods and materials for unique and beautiful craftsmanship. This experience has had a positive effect on the quality and standards of design and work in the other rehab programs directed by the City.

Neighborhood Housing Service

A Neighborhood Housing Service has been established in Utica's Corn Hill neighborhood under the direction of the Neighborhood Reinvestment Corporation.

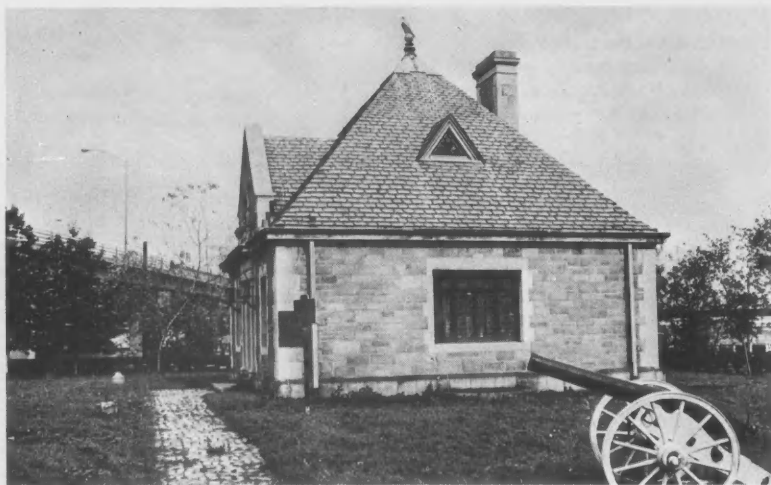
This nonprofit housing corporation, being a partnership of Corn Hill Residents, Area Lenders, and the City, was incorporated last Fall. Utica became the 76th city and Corn Hill the 90th neighborhood in the country to form a Neighborhood Housing Service. The commitment of each corporate partner was made during a 10-month development process, including the establishment of a three-person rehabilitation staff. The ongoing administrative costs of the Housing Service is being paid through a joint commitment of six local banks, while the City has committed \$300,000 to a Revolving Loan Fund. The main purpose of the Neighborhood Housing Service partnership is to work collectively to ensure a continuing revitalization effort in the Corn Hill residential neighborhood.

The Bureau of Housing and Neighborhood Revitalization

The Bureau of Housing and Neighborhood Revitalization operates a Section 8 Rental Assistance program with 300 rental units. This program is administered in conjunction with other rehabilitation programs to encourage quality housing stock in the City. The City has also been awarded 250 units of Section 8 Substantial Rehabilitation over 3 years in HUD's Neighborhood Strategy Areas (NSA) Program and 90 units in HUD's Section 8 Moderate Rehabilitation Program. An additional 100 units of Section 8 Substantial Rehabilitation have been awarded through a specific development package. These HUD Section 8 Rental Assistance Programs are being used as a rehabilitation "tool" in the City's targeted revitalization effort.

Neighborhood Organizations

Neighborhood organizations are encouraged for each targeted rehab project. In the last 2 years, residents in seven model blocks have established either formal nonprofit neighborhood development corporations or less formal associations to have a voice in the



Bagg's Square Monument

revitalization of their neighborhoods. These neighborhood groups have helped define the roles and responsibilities of both the public and private sector.

Design

It is important to provide good design standards for the revitalization effort as more and more building owners become involved. The Bureau of Housing and Neighborhood Revitalization has provided a graphic artist to sketch the final results of the work write-ups for interested homeowners. For example, many homeowners have been reluctant to change the exterior colors of their homes for fear of not liking the final results. Therefore, the Bureau can supply a rendering of color schemes for final homeowner approval. This free service has generated pride and interest in creating individuality in the homes in the neighborhood.

Urban Revitalization Concepts

A successful neighborhood revitalization strategy should use available government programs, private financing and existing neighborhood assets collectively to implement a plan. Rehabilitation efforts

should constantly be reviewed during the revitalization period to reflect additional resources, interests or goals for ongoing programs.

Revitalization of older American cities can most rapidly be accomplished through a successful public-private partnership using existing government programs in conjunction with private investment. The urban revitalization movement must be an ongoing effort for many years in order to be successful; this effort should also be financially feasible. Energy conservation in homes and energy saving transportation systems must be an important part of the urban revitalization effort.

New and expanded facilities in revitalization programs should be planned in conjunction with efficient mass transit systems, and minimal dependence on the automobile. Travel time to these facilities should be short.

Mr. Przybycien is Director of the Bureau of Housing and Neighborhood Revitalization (Utica, New York). He is on leave from his position as Associate Professor, Mohawk Valley Community College in Utica.



The Tribes of America, by Paul Cowan. Garden City, N.Y.: Doubleday, 1979. 311pp. \$10.95. HUD Library call number: J25.2 C68

Paul Cowan, a self-proclaimed political radical, states:

"This book represents a seven-year effort to learn more about America and about myself, and to develop a way of writing about my discoveries."

His chapters originally appeared as articles in *The Village Voice* where he has been a reporter for many years. In 1977 and 1978, he revisited the places about which he had written and he added new information, omitted some material, and reexamined his previous conclusions; the earlier articles were treated as first drafts for this publication.

His subjects and experiences were varied. He visited truck stops and rode with drivers during a strike by independent truckers when our highways became battlefields patrolled by vigilantes. For his piece on migrant workers, he went to Philadelphia and was recruited as a day laborer to pick fruits and vegetables in the fields of southern New Jersey. The year was 1973, and the workers endured deplorable conditions for earnings that were well below the minimum wage. He saw firsthand the life these people were forced to live. They were members of "a caste-a-tribe" of untouchables in the lower depths of American labor.

In 1974, he observed a coal miners' strike in Harlan County, Kentucky. After living ten days with one of the strike leaders and his family, Cowan described the miners as the lost tribe of the working class, isolated and helpless in their fight for better wages and improved health and safety.

After his interviews for the chapter "Jews Without Money," Cowan realized that the poverty he had seen among the poor living on New York City's Lower East Side compared with the poverty he had seen any place else in America. The elderly residents he saw as "old people lost here in America" who felt themselves deserted by liberal Jewish politicians and intellectuals who demonstrated more concern for blacks and hispanics than for the inhabitants of the Jewish slums.

While most of his portraits served as bitter reminders of the extent to which the less fortunate in our society have been abandoned, or at least ignored, his visits with illegal aliens near El Paso showed him why millions of people still see America as the promised land.

Other chapters are concerned with local battles over textbooks in West Virginia, busing in Boston, a housing project in New York. While researching these stories, Cowan found himself more deeply involved with human beings and less with abstract issues - and discovered his sympathies divided:

"I found that, often, people I might once have written off as reactionaries were fighting to preserve their culture and their psychological and physical turf. It became clear to me that those social conflicts could not be understood purely in ideological terms. Clearly, they were tribal struggles, too."

Often these conflicts were between groups who shared no common bond of understanding but only common stereotypes and mutual resentments. Fear was present to such a degree, sometimes backed up by actual experiences, that reason and compassion became impossible. And the policies of those in authority were just examples of the arrogance of power, even though their intentions may have been benign.

In addition to being an activist, the author is also an optimist who has always felt that change and improvements in society were possible. But his years of travel in the trouble spots of our country have not encouraged him.

"*The Tribes of America* is a metaphor for my way of seeing this country. And it is a political statement. I was raised to believe that the United States is a melting pot, and since I'm a confirmed racial, sexual, and cultural integrationist, I'd still like to think that was true. But I don't. The last seven years have convinced me that the melting pot - with its dream of a single, unified America - is largely a myth. We are unified during times of crisis. We're united as consumers. We vote in the same national elections. We have a mass culture in common. But, to an unrecognized extent, we're a nation of professional, religious, ethnic, and racial tribes - the Tribes of America - who maintain a fragile truce, easily and often broken."

Cecily Wood
MLA Acquisitions Librarian
Wash., D.C.

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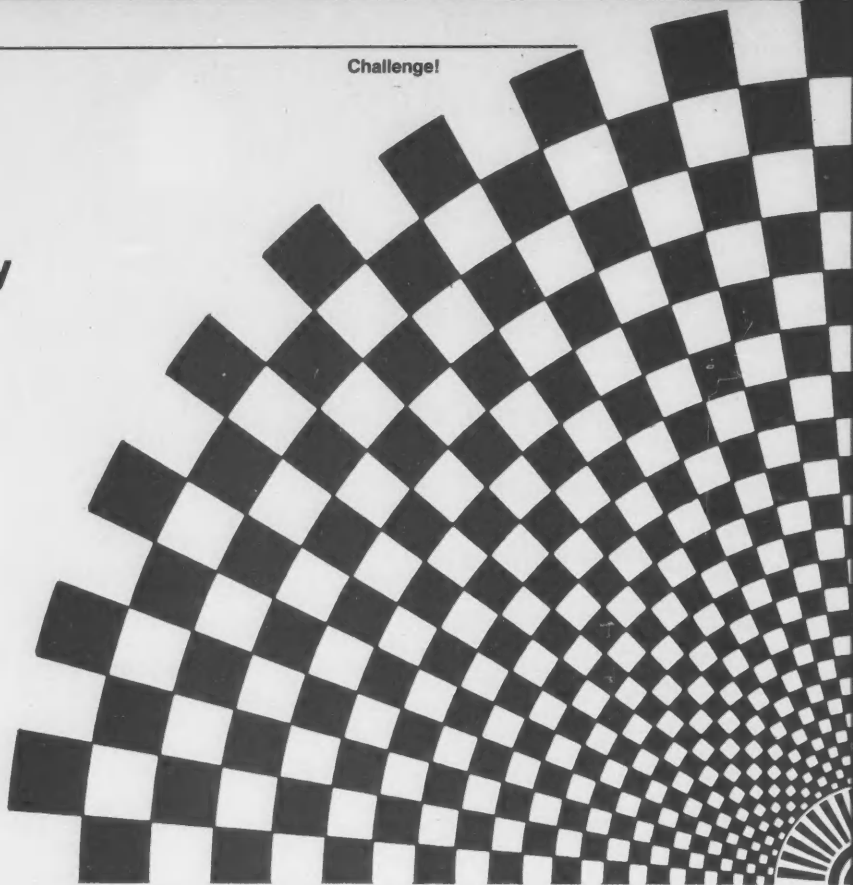
Winning at Zoning by Dudley S. Hinds. Neil G. Carr, and Nicholas Ordway explains how to turn a "potential zoning battle into a winning proposition" (McGraw-Hill, 247 p. \$12.95).

The Environmental Protection Hustle by Bernard J. Frieden. Concerned about the effects of environmental issues on homebuilding, Frieden warns that interconnections are "few and minor" (The MIT Press, 211 pp.).

Open Housing: Dynamics of a Social Movement by Juliet Saltman begins with a chapter entitled, "The Study of Social Movements." Subsequent chapters analyze the dynamics of the open housing movement on the national and the community level, presenting a case study of Akron, Ohio. A comparison of four organizations, a summary and conclusions follow.

Saint Paul: Energy City U.S.A.?

by Gary Stout and Orlo Otteson



Mayor George Latimer recently outlined some goals for St. Paul in the coming decade that, if achieved, could make St. Paul "Energy City U.S.A." — a city for the 1980's, setting standards of excellence in energy conservation measures and the use of alternative fuels and showing the way to prosperity and productivity in an age of scarce and expensive energy.

The goals presented by the Mayor address specific land use, housing and transportation policies that are believed to be important as energy conservation measures; the city intends to use the goals as a guide in an aggressive effort to cut all forms of daily energy consumption in the city:

- St. Paul will use its political and economic power to encourage the development of multiple unit housing in order to promote cost and energy savings and more efficient use of land and interior space.
- The city will attempt to concentrate

major businesses in the downtown area, in industrial parks, and along mass transit corridors.

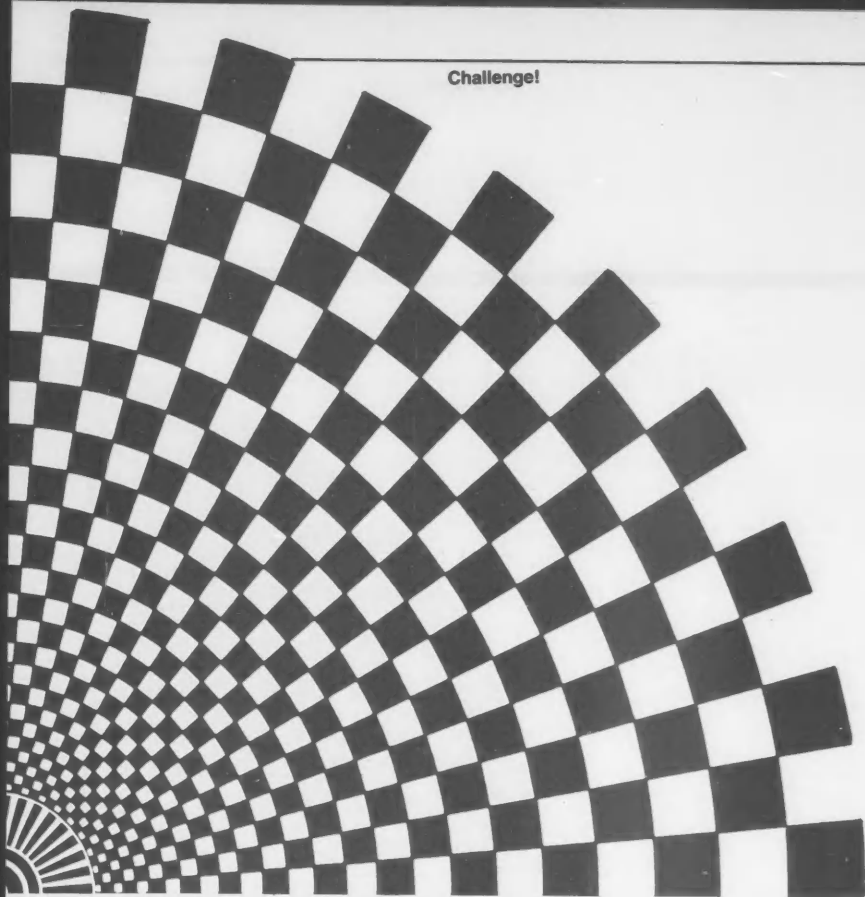
- The city's codes will be revised to require insulation and energy conservation measures for existing as well as new businesses.
- The city's downtown area will serve as a transit center with comfortable and convenient waiting areas and good connections to all parts of St. Paul and to adjacent Minneapolis.
- The city will curtail the building of new roadways and will invest in mass transit systems and car pooling strategies.
- The city will encourage businesses and industries to use existing buildings or to redevelop underutilized land and limit the commercial development of land better suited for recreational use.

Aided by Federal Grant

St. Paul took a big first step in putting together its do-something energy program with the securing of a \$559,000 grant

from the U.S. Department of Energy to develop plans for a hot-water district heating system — a system that uses waste heat from electrical power plants to produce large amounts of hot water and then uses that hot water to heat buildings. Installation of district heating systems in the Twin Cities area could result in an annual savings of enough fuel to heat 200,000 houses. Hot water district heating is a proven concept, and the system is widely and profitably used throughout Europe. It offers a number of advantages that include:

- Greater reliability and fewer interruptions in the delivery of heat;
- Reduction in maintenance cost;
- Increase in usable space in the heated buildings as a result of the elimination of individual heating systems;
- Elimination of handling and storage of fuel by the consumer;
- Reduction of sooting problems associated with the use of fuel oil;
- Reduction in the amount of manpower



required in the supervision of individual boilers;

- Reduction in pollution and resulting environmental problems;
- Reduction in the use of scarce fuels; and
- Greater adaptability to the use of other fuels such as coal and solid waste

Representatives from a consortium of government agencies and private businesses – the City of St. Paul, the Minnesota Energy Agency, Northern States Power Company, the St. Paul Building Owners and Managers Association, the St. Paul Area Chamber of Commerce, the State Administration Department, the State Public Service Commission, and the AFL-CIO – have formed a private not-for-profit corporation, the District Heating Development Corporation, that is conducting design, engineering, and economic feasibility studies. Construction of the system's first phase could begin in the spring of 1981. The

system is expected to heat a major portion of downtown St. Paul. Hans Nyman, who designed and built a hot water heating system in Upsala, Sweden, has been appointed chief operating officer.

Energy Task Force

The city has set up a 100-member energy task force to develop concrete, quick-action proposals in the areas of conservation, alternative systems, and legislative/administrative changes.

The 100-member energy task force is divided into five 20-member subcommittees – transportation, existing housing and zoning, new housing and construction, industry and large users, and education – and each subcommittee will explore (1) innovative ways to cut short- and long-run energy use, (2) practicable and profitable ways of implementing alternative energy systems, and (3) effective ways to promote energy conservation and development of

alternative systems through the modification of legislative and administrative codes.

Proposed Energy Park

The proposed St. Paul Energy Park exemplifies the innovative strategies and programs the city intends to pursue in its efforts to establish nationally-recognized energy projects. Described by Mayor Latimer as the "seed of an idea," the park would occupy 250 acres of underutilized land in St. Paul's Midway district and would contain: (1) a 100-acre, high-density, European-style housing project; (2) a 100 to 150-acre office-industrial park devoted solely to energy or energy-related businesses; (3) a light-rail transportation system linking the park to the two metropolitan downtown areas and the University of Minnesota; (4) an extension of the downtown hot water district heating project that would provide all the heat, together with other co-generated energy, for the entire area; (5) a

University of Minnesota Research and Development Center for energy and agricultural advancement; (6) a solid waste energy plant that would manage the solid waste disposal for the park and a portion of the metropolitan area; and (7) a cable television installation system specifically designed for energy-saving and energy-technology related programming.

The industrial area would be a model for energy efficient development and would offer a marketing-resource program specifically designed to attract American and foreign energy industries. In the Mayor's words, "We know energy industries will be expanding greatly. They have to be built somewhere, and it might as well be in St. Paul since we are knee-deep in the requisite support resources." The energy park would be developed by a public-private, not-for-profit corporation similar to the recently formed Lowerton Redevelopment Corporation.

The energy park plan comes on the heels of St. Paul's selection as a national demonstration city for the Negotiated Investment Strategy (NIS) program. One of three cities chosen to participate in the experimental program, the designation will allow the city to cut through the usual red tape in its attempt to extract the most from Federal aid programs.

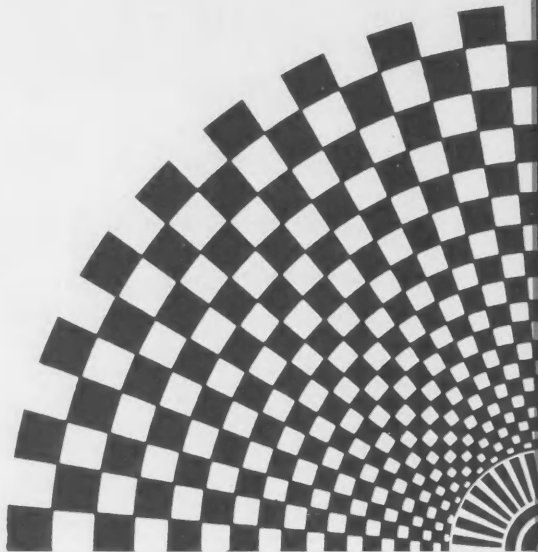
The Negotiated Investment Strategy idea came out of the Kettering Foundation "think tank." Under NIS, the city decides on certain development goals and projects and determines the degree and the type of contribution the city and private investors can make. Traditional procedures for securing grants do not apply. The city's negotiating team then enters into intensive negotiation sessions aimed at achieving its goals in the most coordinated and effective fashion possible.

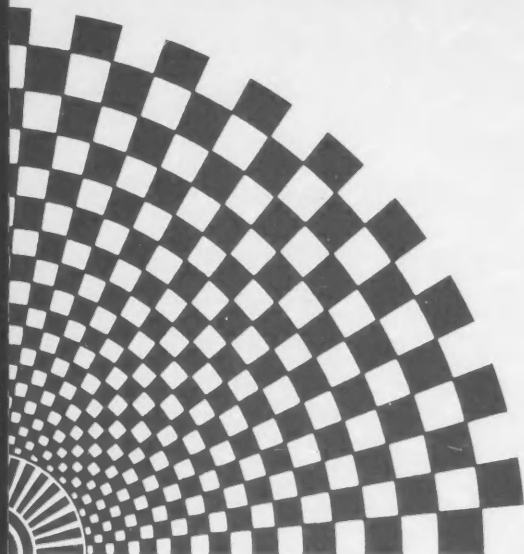
The city has decided to use the NIS program to facilitate the progress of four

major projects: (1) the proposed energy park project in the Midway area, (2) the Lowerton redevelopment project, (3) the Mississippi River Corridor project, and (4) the proposed model municipal energy use and management system project. All of these projects are large in scope and all require close involvement with various government agencies and private businesses and investors. The projects should serve as ideal examples of the kind of progress that can be achieved under the NIS program.

New Management Techniques

The St. Paul city government is instituting management practices that promote energy conservation and that focus attention on energy use as it relates to the day-to-day conduct of city business. The proposal calls for a variety of energy-saving measures, some of which can be instituted immediately and others of which require further study. An incomplete list of strategies includes such





plans of action as:

- Reviewing existing city-owned buildings to determine cost-effective alterations that would reduce energy requirements;
- Designing new buildings in a way that promotes energy conservation and that allows for installation of energy-saving features;
- Utilizing a well-organized system of refuse collection to achieve fuel savings in collection vehicles;
- Utilizing solid waste modular incinerators to eliminate long hauls to landfills;
- Encouraging and facilitating car pooling;
- Sponsoring van pooling – a program whereby the van owner is reimbursed for the purchase of a van in return for transporting people to and from their work locations;
- Authorizing flex-time work schedules;
- Establishing procedures for checking equipment to ensure that equipment is

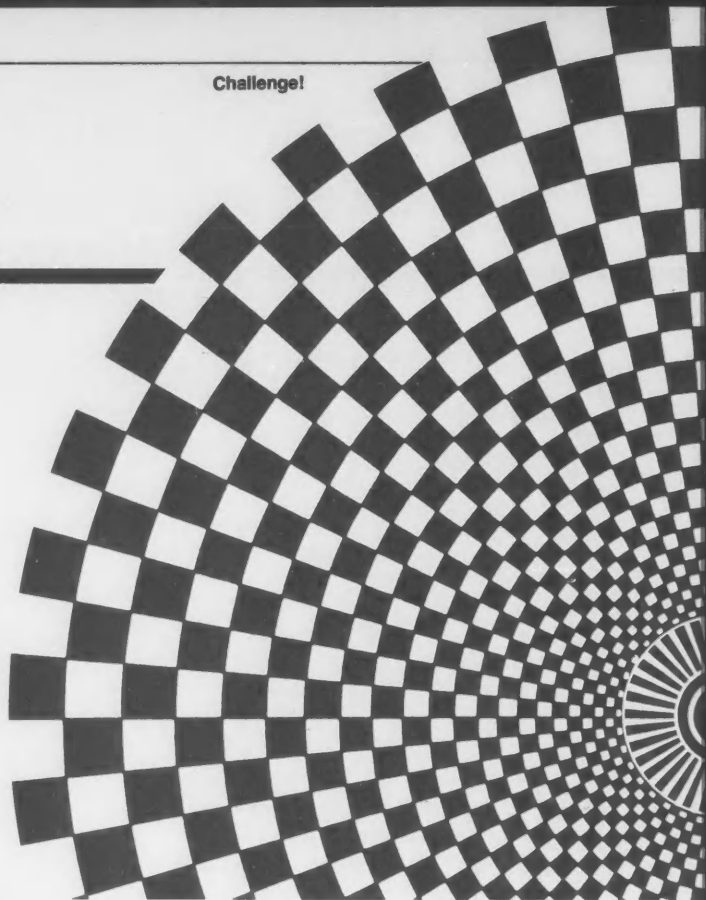
operating in a mechanically efficient manner (well-tuned motors, etc.);

- Giving full consideration to energy efficiency features in new equipment purchases;
- Modifying traffic lights and street lights to reduce electricity consumption;
- Reducing unnecessary traffic signals and stop signs to reduce fuel consumption caused by stop and start maneuvers;
- Improving signal timing and monitoring and optimizing vehicle flow;
- Exploring the use of alternative fuels for city vehicles and public works buildings;
- Encouraging the use of mass transit and discouraging the use of private vehicles when practicable;
- Developing bicycle and pedestrian facilities where practical;
- Encouraging neighborhood commercial center development to reduce vehicle traffic;
- Initiating public education programs that inform the public about energy issues

and energy conservation methods.

The education subcommittee is specifically charged with cutting through the rhetoric about the energy problem and bringing to the public hard facts and concrete programs. Mayor Latimer said the task force “will provide the basis for a citywide energy program, tailor-made for St. Paul, through which we meet and tackle the future, provide more jobs, lessen inflation, and make our own energy decisions.” The task force was given 100 days to assemble a plan.

Convinced that long-term energy solutions lie within the context of everyday living practices, St. Paul is looking for support from private foundations for a Saint Paul Office of Energy on Urban Conservation – a privately-funded office that will report directly to the Mayor, and function to provide lead staff for all city energy projects; to undertake a full-scale sorting out and reworking of ordinance, land use



standards, codes, and other matters that affect urban conservation; to crack down on public management practices related to energy conservation; to develop a comprehensive operational energy plan based on a total technical workout; and to carry out a broad-based, comprehensive energy-awareness program that would make energy consciousness a permanent element of individual and institutional thinking.

The office would operate for 3 years and, according to the plan, would then work its way out of business. Described as "more of a flying tactical team than an office," the new office would employ five to ten experts in such fields as law, engineering, planning, management, training, and financial planning; and the staff would put together a "total technical workout" to put city energy policy into operation.

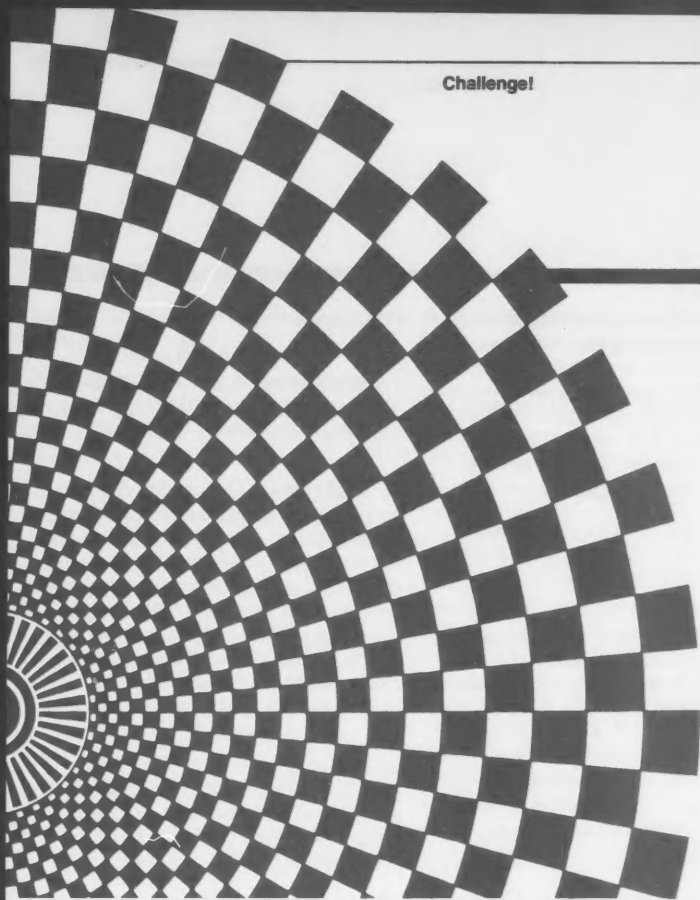
City Justifies Office

Formulation and implementation of effective energy policies and programs

constitute a complex and often near-impossible task. The Federal and various State governments do not lack for energy policies, plans, and information; yet it remains difficult to accomplish anything below the policymaking level. Why? There are a number of reasons, but the main one seems obvious: the country as a whole and the various State governments have difficulty exercising direct management control of energy programs. The implementation of sound, active energy policies needs to be carried out within the context of a manageable, tightly organized institutional structure similar to that found in a private company or a household — or a city. A city government is the most highly structured of all governmental units, and it maintains a well defined, direct services relationship with its citizens. The city provides the setting best suited for achieving energy conservation gains, and the recent research on fully-built older cities like St. Paul provides strong evidence that these cities offer prime

opportunities to test and implement energy conservation measures and *to actually do something about the national energy crisis*. Solving the energy problem involves commitment; commitment must lead to targeting; and targeting can best be achieved in the context of a fully-built, energy conserving city that provides jobs, public mass transportation systems, efficient areawide heating and cooling systems, and a mix of other energy support systems.

The Energy Office, then, would provide the momentum and enlist the public and private support required to turn St. Paul into an energy conservation model. With the impetus provided by the Energy Office, officials expect that by 1982 the heavy technical lead-in work will have been completed; the city's ordinances and regulations will be serving to encourage and enforce conservation measures; a permanent, operational energy plan will be in place; the public, the established community institutions, and the civic



leadership will have an intuitive understanding of the meaning of energy conservation measures; public projects will be managed in ways that stress energy conservation; and the city will have a mutually enhancing set of energy projects. Business can then be conducted on an "as usual" basis – with, however, one important difference: the new energy consciousness will have become a permanent, internalized part of the thinking of all the private and public institutions whose job it is to make the city work. Attitudes toward energy conservation will not be separate attitudes, imposed externally on the powerful institutional forces of urban life; the attitudes, rather, will be an integral part of these forces.

Erehwon Machine

The City of St. Paul has not yet completed development of its Erehwon Machine. What's an Erehwon Machine, you ask? Well, it's quite a machine.

Operating on natural, self-renewing sources of energy, it generates power with an efficiency approaching 100 percent and still makes beneficial use of its minute amount of waste heat. Anticipating changing public lifestyles, it provides durable goods and efficient services exactly matching fluctuating demands and then distributes these goods and services equitably to all people. It recalls all waste, reduces the waste to its elemental form, then recombines it as basic materials with needed new resources that the machine extracts from nature with a negligible environmental impact.

The Erehwon Machine is self-adjusting to a changing labor market; it provides retraining to workers as it upgrades itself and administers welfare to all it cannot employ. To the unemployed and unemployable, it offers satisfying leisure activities and psychological reorientation to a non-work ethic. And in doing all this for man and nature, it stills shows a profit

to its stockholders and a favorable effect on the international balance of payments.

Some knowledgeable observers think the final development of the Erehwon Machine is some time away, and, in fact, some observers who bother to spell "Erehwon" backwards wonder if it will ever be completed. The pragmatic and energetic citizens of St. Paul aren't counting on Erehwon. They are instead formulating and implementing innovative, attainable, and effective programs that not only meet head-on the problems of an energy-scarce urban society, but use those problems as a force for positive change. There are still many moving parts to be meshed, but St. Paul is moving boldly and forcefully to assemble the components that will make it "Energy City U.S.A."

Mr. Stout is Director of the Department of Planning and Economic Development, City of St. Paul. Mr. Otteson is Research Coordinator for the Department.

Fair Lending – An Issue Whose Time Has Come

Last year the Federal Home Loan Mortgage Corporation issued proposed revisions to its "underwriting guidelines" that could affect the way home mortgages are made across the country. The corporation then launched a year-long review of the guidelines by which its regional staff would consider home mortgages offered to the corporation for purchase. The guidelines were circulated within the mortgage finance industry and to other public groups for comment.

The guidelines clarify the Mortgage Corporation's attitude toward the traditional industry rule-of-thumb that, to qualify for a mortgage, would-be home buyers must show that their mortgage payments, insurance and taxes will equal not more than 25 percent of their monthly incomes. They emphasized this ratio to be a rule-of-thumb only, better stated as a 25-28 percent range, and properly applied only as a general guideline.

Distributed for comment in April 1979, the guidelines were adopted last August. They are binding on those who sell privately-held secondary mortgages to this quasi-private corporation that buys, packages and sell mortgages.

In the following interview, Stuart Wechsler, director of urban affairs for the Federal Home Loan Mortgage Corporation, discusses urban lending.

Q. Mr. Wechsler, as the director of urban affairs for the Mortgage Corporation, what does your work entail?

A. It entails overseeing the Mortgage Corporation's policies and operations as they impact on urban lending. Actually, my responsibility is to consider the impact of the corporation's operations on the "non-cookie cutter" type loan or

loans in those areas which might not otherwise be getting the lending attention they deserve.

Q. It sounds as if you don't just mean urban?

A. That's right. We're really talking about fair lending in general.

Q. That seems to be a topic you hear a great deal about lately. Why the sudden surge of interest in the subject of fair lending?

A. I think fair lending has been hot for a much longer time than that. Back in the '60's, there was concern about the ability of people to get financing. The issue then was blockbusting. In effect, both whites and blacks were subject to be victimized and manipulated by a few unscrupulous real estate people and lenders. There were people then who were unable to get financing at terms that were fair and equitable.

Q. As a result of what's going on in mortgage lending right now, especially the new interest in serving cities and other previously neglected areas, what opportunities do you see?

A. Well, I see first the opportunity to accept a challenge. There is in each city the opportunity to do business in a different way. It is becoming profitable to do business in the cities. Making loans in new areas is not just a question of accepting additional risks, but also of protecting the existing portfolio. As I said before, you can't pick up and leave an entire city. So, I think there is an opportunity for profit; there is an opportunity to revitalize the city; and there is, in the future, an opportunity to

make greater use of capital.

Q. We've been talking about the industry's response to lending problems. You work for the Federal Home Loan Mortgage Corporation. What do you offer?

A. The Mortgage Corporation deals on a national level and we underwrite something like 200,000 loans a year, plus or minus a couple of thousand. As a result, we have to deal on a general basis. However, we are aware of the need for flexibility. We are making outreach efforts in various cities throughout the country and we are using these efforts to identify and respond to local situations.

The corporation has circulated a draft version of revisions to its underwriting guidelines. These revisions take into account, to an even greater extent than before, the variations that occur in lending throughout the country.

Also, we've purchased loans throughout the country in areas that are undergoing change, redevelopment, or stabilization. For example, we've been purchasing, over the last two years, loans from a lender participating in the Philadelphia plan. We've purchased around 400 loans from that lender, or about 10 percent of all loans originated under the plan.

Finally, we are putting out the word in every way we can. The Mortgage Corporation stands ready to buy sound mortgage loans, no matter to whom made, no matter where located.

Q. Aside from the Mortgage Corporation's particular interest, are there any other significant developments in your general field – that of urban lending and fair lending – that you could talk about?

A. I think, in general, the most promising developments in urban lending are the coalitions that are springing up among community groups, lenders and government officials. These groups

stabilize and maintain neighborhoods throughout the country.

Q. What about the issue of people being unable to get loans because of something that has nothing to do with whether or not they are poor risks?

A. Too often there were characteristics totally unassociated with risk which became connected in the minds of lenders or real estate people. The race of an individual or the location and use of the dwelling often had an effect on whether or not a lender wanted to make a loan. Back in the '50's and '60's, everybody dreamed of pulling up stakes, leaving the city and having a nice house in the suburbs where they could park their station wagons and drive to work every day. Industry and business followed the workers. As a result, the city population declined; the tax base narrowed and lenders thought that inner-city properties, by definition, were risky.

Q. In part, may that once have been true?

A. To a degree, but to a great extent only because of the self-fulfilling prophecy. In the '60's and perhaps before that, as the exodus from the cities began, mortgage lenders made loans where it was easy and where the market was firmest. That, of course, meant they were lending primarily in suburban areas.

Q. And now, we're seeing a kind of resurgence of concern and interest in the city areas and other areas that may in the past have been neglected by lenders. What has caused this concern?

A. A combination of things. First, people have developed a greater consciousness of their rights; they have also begun to gain greater familiarity with both government and private institutions. The gas crisis has made moving back into the city economically advantageous. It now is good business to lend in the city. Plus, I think in America we've finally become conscious of the damaging effect of our "throw-away mentality." You can't just take a city and discard it. There is just too much capital investment built there. I should emphasize that, to the extent mortgage lenders ignored some of the social consequences of their actions, they were not alone. They went along with government officials and other kinds of industries. And, to the extent they are lending again in the cities, they also are not alone.

Q. What are the advantages, if any, of this kind of development to lenders?

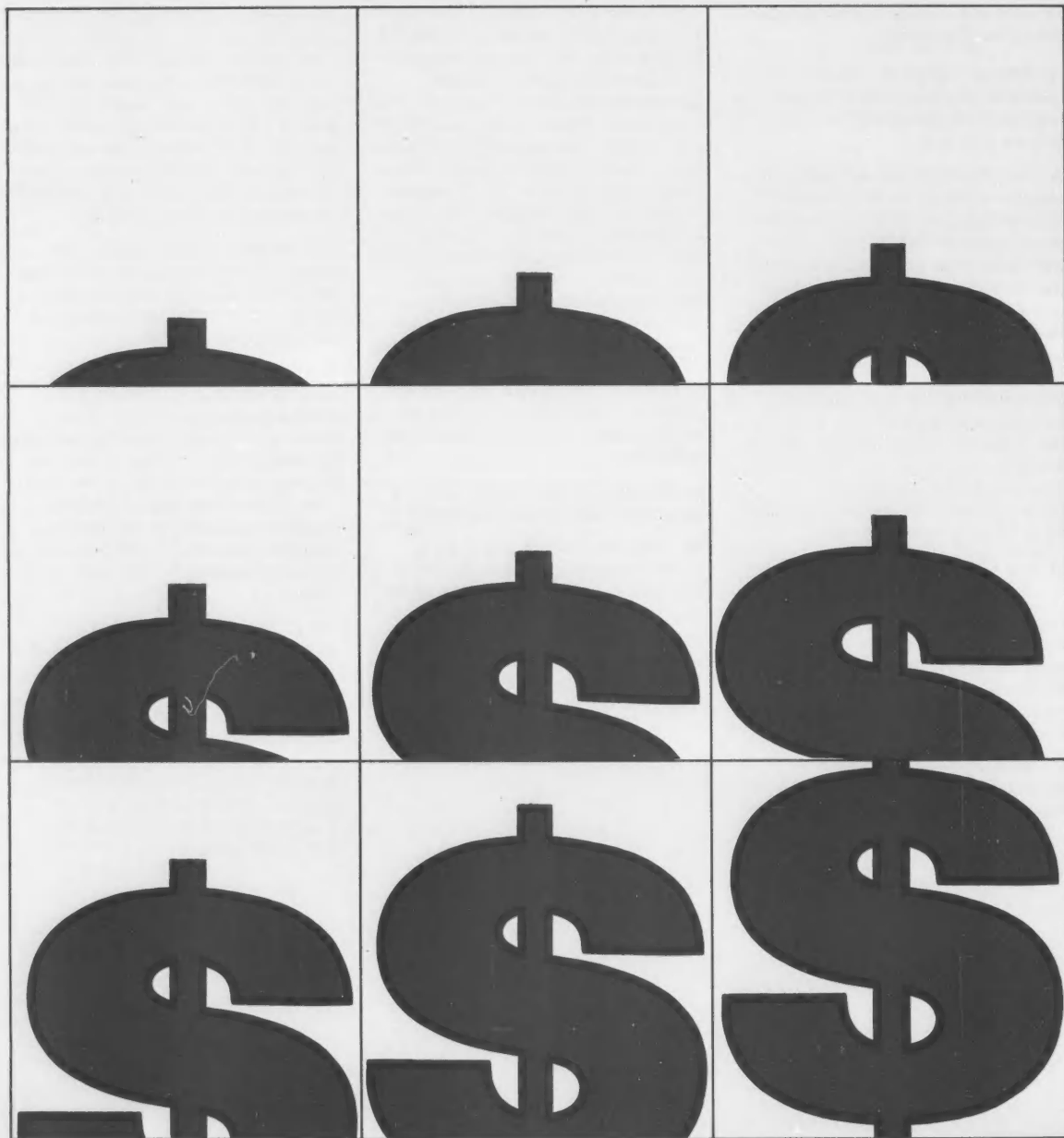
A. I think it's the only way to go. It provides neighborhood people with a degree of control over what is going on and a sense of power and ability to maintain the stability of their neighborhoods. Consequently, the property values are going to be maintained and lenders can feel confident

in investing in those areas. By working with community groups, lenders can get a more accurate picture of what's going on in a neighborhood. They don't have to depend on opinions of outsiders or loan officers who might or might not be able to interpret trends. When lenders make the effort to work with such groups, it pays off because they receive good first-hand information on what's going on.

Q. You are working for a secondary market. Would you just say a few words about the relationship of the secondary market to conventional mortgages and this field of fair lending?

A. I think the Mortgage Corporation must, as would any secondary market lender on our scale, strike a balance between its mandate to provide funds for the entire primary lending industry and the need to be able to operate on a local level. We need to make sure that our underwriting guidelines are flexible enough to take into consideration what goes on at the local level and on a small scale.

We've got about 300 employees underwriting close to 200,000 loans. It's not easy to balance the needs of the national market with the needs of local lenders. I think that this is an area where the corporation will always want to continue to develop its expertise. We intend to continue working with local lenders to familiarize them with our requirements and to understand their special situations.



The HUD GPM Program: An Evaluation

Emma D. McFarlin, Ph. D. and Thomas Vitek

In recent years, rapid inflation, rising interest rates, the escalating price of land, increased cost of materials and labor, and the proliferation of regulations at all levels of government have combined to create an unprecedented escalation in the cost of housing in the United States. The increase in the cost of purchasing a house has put the dream of homeownership beyond the reach of many American families. The group most severely affected by this phenomenon has been young families seeking their first homes, and minorities and low-income families of all racial backgrounds. The Harvard-MIT Joint Center for Urban Studies estimated that the proportion of all American families who could afford to buy a median-priced house declined from 46 percent in 1970 to 27 percent in 1976.

In response to this problem, HUD initiated the Graduated Payment Mortgage (GPM) program, under Section 245 of the National Housing Act. This program was intended primarily to benefit young, upwardly mobile families who cannot afford the monthly payments required by a level payment mortgage. Because of the lower initial monthly payments under GPM, many families who do not have sufficient income to qualify for a level payment mortgage can qualify for a GPM. For example, a family needs an annual income of only \$12,000 to qualify for a GPM loan for a \$40,000 house, as compared to an income of \$16,000 for a level-payment mortgage for the same house.

After an initial experimental period, the current FHA Section 245 GPM program

was formally introduced in January 1978. Since its introduction, the GPM program has become enormously popular. The percentage of GPM's has grown from 5.5 percent of all single-family mortgage insurance applications received by HUD during the first quarter of 1978 to 29.3 percent in January 1979.

Growth in GPM popularity has been even more dramatic in HUD's Region IX (California, Nevada, Arizona, Hawaii, and the Pacific territories) where GPM has increased from 9.6 percent of all single-family applications during the first quarter of 1978 to 47.7 percent in January 1979. Within the State of California, over 50 percent of all single-family applications are for GPM; at the same time almost half of all GPM applications nationwide have been from California.

In light of California's leadership in the implementation of the GPM, HUD Region IX's Office of Program Planning and Evaluation undertook a study of California's early experience with the GPM program. Although the evaluation focused on GPM's operation in HUD Region IX its conclusions have broader implications as the popularity of GPM's grows elsewhere in the United States. The final evaluation report is available from HUD Region IX's Office of Program Planning and Evaluation (415) 556-4843. The issues and recommendations are summarized here.

Issues and Findings

Who is served by GPM? The Graduated Payment Mortgage program was designed to serve primarily young, upwardly mobile families whose incomes were too low to qualify for level payment mortgages. Because there are no upper income limits on the GPM program, there has been some concern that GPM will not be used by its intended beneficiaries and that GPM will merely replace FHA's Section 203(b) level payment mortgage insurance program. In order to determine

who has been served by GPM, our evaluation compared the characteristics of GPM mortgagors to the same for mortgagors in the 203(b) program. We compared a random sample of all GPM's insured in HUD Region IX during the first quarter of 1978 (868 cases) to a random sample of all 203(b) cases insured during the same time period (1,155 cases).

Our findings indicated that the GPM program is serving a beneficiary group that is generally younger and with lower incomes than those served by 203(b). GPM mortgagors are, on the average, younger than 203(b) mortgagors (30.0 years old for GPM, versus 32.4 for 203(b)). Almost 32 percent of GPM mortgagors are under 25, as compared to only 24 percent of 203(b) mortgagors. In the 26-30 age group, the shares are 32.3 percent for GPM and 29.2 percent for 203(b). Thus, the GPM program is reaching the younger households for whom it was intended.

The GPM program is also reaching households that tend to have lower incomes than participants in the 203(b) program. The average net effective monthly income for GPM mortgagors was \$1,355 as compared to \$1,583 for 203(b) mortgagors. Furthermore, 54.6 percent of GPM mortgagors had a net effective monthly income (income after taxes) of under \$1,400 as compared to only 35.3 percent of 203(b) mortgagors. Curiously, GPM mortgagors are also taking advantage of lower GPM monthly payments in order to afford more expensive homes. The average appraised value for our GPM sample was \$49,130, as compared to an average value of \$45,910 for homes insured under Section 203(b).

What is the best way to publicize the GPM program? Since the introduction of the GPM program, HUD has organized an extensive publicity campaign for the program, including media releases, publication of brochures, and

informational meetings with brokers and lenders. There has been some concern at HUD Field Offices [as to] whether HUD's outreach techniques were effective.

When consumers in the housing market are shopping for advantageous mortgage financing, our findings show, their primary concern is frequently what the initial monthly payment will be. Technicalities are of less concern than the initial monthly payment. The primary actor supplying this crucial information is the real estate broker who, in most cases, is the home buyer's most active contact in the real estate market. A secondary source of consumer information is the lender, who will frequently provide more detailed information on mortgage financing. The popularity of Section 245 GPM in California can be attributed to the rapid acceptance of the program by brokers and lenders, who recognized Section 245 as a means of reducing consumers' initial monthly payment and, therefore, an effective tool for expanding their share of a very competitive market.

Because brokers and lenders play such a role in real estate transactions, they can be effective means of communicating the details of new HUD programs to potential beneficiaries, as long as the brokers and lenders recognize that such communication is in their best interest. In our evaluation of the GPM program, we found that HUD's outreach efforts aimed at brokers and lenders were the most cost-effective means to spread the word about the new program. We recommend that HUD Field Offices continue their successful efforts to publicize GPM through symposia on GPM for brokers and lenders, supported by an ample handout of pamphlets and explanatory material that can be passed on to consumers.

Are the five GPM plan options fully explained to consumers? The Graduated Payment Mortgage can be selected in any one of five plans with varying rates of increasing monthly payments and varying

periods over which payments will increase. These five plans were intended to offer consumers a smorgasbord of mortgage payment options so that they can choose the one best suited to their expectations of future income. Thus far, over 90 percent of GPM applicants have chosen Plan III (payments increase 7-12 percent each year, over a period of 5 years), which allows for the lowest initial monthly payments.

We discovered that, although many consumers chose Plan III deliberately to achieve the lowest possible initial monthly payment, others were steered to Plan III by brokers and lenders who failed to inform them of their options. Some of them might have chosen another plan or another FHA program if they were fully aware of all their options. And, because Plan III features the most rapidly increasing monthly payments, some consumers may be needlessly committing themselves to unaffordable future obligations.

Part of the problem is that some lenders and brokers feel it takes too much time to explain all of the rather complicated GPM plans to relatively unsophisticated buyers. For some lenders, developing five separate computer programs by producing tables of future payment obligations is a burdensome expense. Also, some brokers are unaware that options other than Plan III exist. The result is that, contrary to the intent of program designers, HUD has not been able to offer consumers a smorgasbord of GPM plan options after all. Therefore, we have recommended that only two GPM plans be offered, for instance the popular Plan III, and, as an alternative, Plan IV, which provides for 2 percent increase each year over 10 years. This combination of the 203(b) fixed payment program, the "conservative" GPM Plan IV, and the "progressive" GPM Plan III would provide sufficient variety for serving different home buyer needs. Also, with only two GPM options

to choose from, brokers and lenders would be more likely to offer the home buyer a choice.

Conclusions

The evaluation of the GPM program investigated other program issues, including risk of default and property speculation. The report recommends cautious underwriting practices in HUD Field Offices and a stricter enforcement of the intent-to-occupy requirement in FHA's insurance program. Overall, our evaluation found that the GPM program has had a good beginning in California and is filling a real need. It has been a leading alternative mortgage instrument and represents a creative and constructive Federal response to the present high cost of housing in the United States. With some minor program adjustments, as suggested in this article and further explained in the Program Planning and Evaluation report, the GPM market will be expanded, the possibility of risk and abuse in the program reduced, and the potential for achieving the program's intended objectives increased.

Dr. McFarlin is Regional Administrator and Mr. Vitek a program analyst of HUD Region IX.

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Lines & Numbers



Selected Characteristics of the Older Population: 1970 - 1978

In 1978, there were 24.1 million persons in the United States 65 years and over, compared to 20.1 million in 1970. This represented a 20 percent increase. Women outnumbered men in 1978 by 4.5 million. Most persons 65 years and over lived in families. In 1978, 82 percent of men 65 years and over outside institutions, lived in families and 77 percent maintained their own families.

Approximately 1 million persons 65 years and over lived in long-term institutions in 1976, 96 percent in nursing homes. Few other elderly persons lived in institutions.

Men 65 years and over who earned income in 1977 had a median income of \$5,526 compared with \$12,243 for men 55 to 64 years old. The difference largely reflects the higher proportion of retirees in the older group. Although women 65 and over with incomes in 1977 outnumbered men of this age with incomes, the reported median income of women was considerably lower. Median incomes were \$4,533 for women 55 to 64 years old and \$3,087 for women 65 years and over.

In 1978, 15 million households were maintained by persons 65 years old and over. Approximately 3 out of 4 of these were owner occupied households. Sixty-two percent of the owner occupied households were families and 38 percent were older men or women living alone or with nonrelatives only.

Population 50 Years and Over, by Selected Age Groups and Sex: 1970 and 1978 (Numbers in millions)

Sex and Age	1978	1970	Percent Increase 1970-1978
Both sexes	56.5	49.9	13.2
50 to 59 years	23.0	21.1	9.0
60 to 64 years	9.4	8.7	8.0
65 years and over	24.1	20.1	20.0
Male	25.3	22.6	12.0
50 to 59 years	11.1	10.2	8.8
60 to 64 years	4.4	4.0	10.0
65 years and over	9.8	8.4	16.7
Female	31.3	27.3	14.6
50 to 59 years	12.0	11.0	9.1
60 to 64 years	5.0	4.6	8.7
65 years and over	14.3	11.7	22.2

Family Status of Persons 65 Years and Over by Age and Sex: 1978 (Numbers in millions)

Family Status	65 to 74			75 years and over		
	Total	Male	Female	Total	Male	Female
Total person	14.3	6.1	8.2	8.2	3.1	5.1
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
In families	71.7	84.9	61.9	60.0	76.6	50.0
Family head	38.9	79.9	8.5	32.4	70.8	9.2
Wife of head	26.2	---	45.7	13.2	---	21.2
Other family member	6.6	5.0	7.7	14.4	5.8	19.6
Primary individual	26.8	13.3	26.9	38.9	22.1	49.1
Secondary individual	1.5	1.7	1.3	1.1	1.3	0.9

Source: Social and Economic Characteristics of the Older Population: 1978. U.S. Department of Commerce, Bureau of the Census

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